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LEGISLATIVE MANAGER

U.S. Department of Homeland Security
Region III
One Independence Mall, 6th Floor
615 Chestnut Street
Philadelphia, PA 19106-4404



FEMA

Mr. Aaron Allred
Legislative Manager
1900 Kanawha Blvd. East, Room E-132
Charleston, WV 25305-0610

Dear Mr. Allred,

FEMA Region III was provided with a copy of a letter dated November 11, 2018 addressed to both the Honorable Mitch Carmichael and Roger Hanshaw of the Post Audits Subcommittee for the state of West Virginia. The letter outlined preliminary results of the Performance Evaluation and Research Division's review of West Virginia Department of Homeland Security and Emergency Management (WVDHSEM). It specifically stated that:

- The manual reimbursement penalty significantly changed the process by which WVDHSEM received federal funds for those grant awards. WVDHSEM was required to use state funds to make an initial expenditure and was reimbursed only when it had satisfactorily justified that expenditure to FEMA.
- The manual reimbursement penalty may add up to 90 days of additional time for any reimbursement request exceeding \$100,000.

We would like to provide clarity to the Post Audits Subcommittee on the process of manual reimbursement from our perspective as well as highlight the partnership between FEMA Region III and the State of West Virginia through the West Virginia National Guard and the West Virginia Department of Homeland Security & Emergency Management (WVDHSEM).

FEMA's grant programs are generally reimbursement grants, meaning work is typically completed, documented, and paid for prior to FEMA releasing funding. FEMA does not generally advance funds for projects, nor are states allowed to draw down funding from FEMA ahead of work being completed for the purpose of advancing funds.

The manual reimbursement process requires WVDHSEM to gather and provide to FEMA documentation to support expenditures that were being requested for reimbursement. It is important to note that regardless of whether FEMA had taken this enforcement action, WVDHSEM should have been collecting and reviewing this material prior to requesting reimbursement from FEMA.

After several years of working with WVDHSEM to resolve their repeat findings centered around subrecipient monitoring, FEMA exercised its authority to ensure proper grants management processes were in place by placing WVDHSEM on manual reimbursement. Therefore, placing WVDHSEM on a manual reimbursement process was an administrative control action to validate that WVDHSEM was performing collection and review activities. Our grants monitoring efforts indicated that WVDHSEM was not consistently collecting or reviewing required documentation

across all program areas and would make drawdown requests via financial systems for the funding. This created significant risk for WV and any sub-receipts of grant awards because during the closeout phase, if documentation was lacking then funding could have been de-obligated.

FEMA Region III is committed to processing manual reimbursement requests within 30 days of validating the package is complete from WVDHSEM, regardless of the dollar amount. Generally, FEMA has been providing payment approval between 14 and 20 days. In certain rare instances FEMA has exceed the 30 days metric, we have provided notification and explanation to WVDHSEM. Additionally, we have and will continue to, at the request of WVDHSEM expedite review and payment decisions. Lastly, following the devastating floods in 2016, FEMA suspended the manual reimbursement requirement for certain categories of work to expedite payments. It is also worth mentioning that the Individual Assistance disaster grant funding, which provides direct assistance to the individual citizens of West Virginia, is not subject to the manual reimbursement process.

FEMA Region III is also working closely with WVDHSEM to build a professionalized grants management program that will be a nationwide standard for managing FEMA grant programs as evidenced by the following:

- FEMA Region III Grants staff continues to provide technical assistance and the state is working towards establishing and sustaining a financial monitoring program to end the manual reimbursement enforcement action.
- FEMA Region III is working on recruiting a grants management specialists that will be located in the state of West Virginia to assist the state in implementing and sustaining its grants management initiatives.
- WVDHSEM's newly appointed Director and Deputy are planning a visit to FEMA Region III in December 2018 to meet with the FEMA Region III senior leadership to discuss strategic ways to strengthen grants management.
- FEMA Region III will deliver the *Fundamentals of Grants Management Course* onsite to WVDHSEM in Fiscal Year 2019 to train the newly hired grants management staff at WVDHSEM.

If you have any additional questions or concerns, please contact our Intergovernmental Affairs Liaison, Corey DeMuro at (215)-931-5715 or by email Corey.DeMuro@fema.dhs.gov

Sincerely,



Regeane Frederique
Director, Grants Division

cc: The Honorable Mitch Carmichael, President, West Virginia State Senate
The Honorable Roger Hanshaw, Speaker, West Virginia House of Delegates
James A. Hoyer, Major General, The Adjunct General
Michael Todorovich, Director, WVDHSEM